

FAA LIFE CYCLE COST ESTIMATING HANDBOOK

Foreword

The *FAA Life Cycle Cost Estimating Handbook* provides a complete reference for the cost estimator. It also provides guidance to program and financial analysts who use or must understand cost estimates. This document conforms to both the spirit and the letter of the FAA Acquisition Management System (AMS).

The first three chapters cover the management system discipline and provide a general perspective on cost estimating and its role in the FAA AMS. These chapters establish a foundation of general estimating terminology, methodology, techniques, and approaches upon which details of the cost estimating discipline can be discussed in greater depth in later chapters.

Chapters 4-7 discuss the cost estimating process and provide a detailed amplification of the material contained in Chapters 1-3. Chapters 4-7 offer the cost estimator a rigorous discussion on the cost estimating process, which includes estimate planning, data research, and methodology development, as well as proven approaches for the presentation and documentation of estimate results.

Chapters 8-14 address specific aspects and applications of cost estimating and encompass the three methods of estimating (parametric, analogy, and engineering), cost risk and uncertainty, source selection, cost models, and operations and support cost estimates.

FAA personnel have reviewed this handbook and rigorous attention was applied to make the *FAA Life Cycle Cost Estimating Handbook* as complete as possible. A special thanks goes to David Schwartz for developing an FAA-related cost reference book patterned after a similar document created by the Department of Defense. Thanks also go to personnel in ASU, ASD, APO, and SETA-II for their review and comment. It is requested that any comments or additions be sent to Alice Harball, ASD-410, (202-358-5489).